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**Federal Communications Commission
Small Business Advisory Committee**

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Honorable Reed E. Hundt, Chairman
Honorable James H. Quello, Commissioner
Honorable Andrew C. Barrett, Commissioner
Honorable Rachelle B. Chong, Commissioner
Honorable Susan Ness, Commissioner

**Re: Competitive Bidding for
Broadband Personal
Communications Services:
PP Docket No. 93-253**

Dear Mr. Chairman and Commissioners:

As you are aware the Small Business Advisory Committee (SBAC) conducted its 7th quarterly meeting on June 13, 1994. At that meeting and during the past 19 months of SBAC fact finding, research and public hearings one message remains constant. The message as delivered by a majority of designated entities is that without some form of enhanced set-a-side, few minorities, women or small businesses will have the opportunity to participate in PCS license ownership.

In an attempt to ensure that designated entities are afforded a meaningful and equitable opportunity to bid, win and ultimately operate a PCS license, the SBAC through its Executive Committee sets forth the attached proposal for Commission consideration. This proposal is offered as a means of providing a viable and financially stable environment from the bidding process through competitive PCS marketplace operations.

SBAC, PCS spectrum auction proposal for designated entities participation.

As you know, the Committee's 1993 PCS Report originally advocated spectrum allocations in the lower band for DE's equal to the predominate allocation, tax certificates, installment payments and attribution incentives. We

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commend the Commission for its decision in the Narrowband PCS and IVDS proceedings to include provisions for DE bidding credits, tax certificates and installment payments. Moreover, the recent decision to modify the Broadband PCS allocation scheme to include one 30 MHz and three 10 MHz lower band spectrum blocks in BTA service area sets the appropriate competitive stages. However, these measures alone will fall short of the mark for Broadband PCS.

The SBAC Executive Committee submits the following additional steps to support DE's in the Broadband PCS Auctions.

1. Designate spectrum blocks C and F (Enterprise) for use by designated entities based on economic criteria as discussed in the SBAC Interim Report. Enterprise blocks will substantially promote deterring undue concentration of control and reduces historical barriers to entry.
2. Limit eligibility in the Enterprise Block to firms with \$75 million or less in gross receipts, including any attributable revenues by passive investors.
3. Women owned businesses subject to spousal attribution Rules at 20%.
4. Relax gross receipts and attribution guidelines to recognize one exception: firms controlled by minorities with not less than 20.1% equity, even if passive investors exceed the \$75 Million in gross receipts.
5. Extend installment payments to business with \$50 Million or less in gross receipts and to minority and women consortia.
6. Extend tax certificates to investors in successful bidder firms owned by minority and women, and for after-market transactions that assign or transfer PCS licenses to businesses controlled by minorities and women.
7. Provide for a 3 year prorata benefit recapture for license transfers or assignments.

8. Authorize Enterprise Block bidding credits in the amount of 20% for women owned businesses and 35% for minority businesses. We believe this differential is consistent with both the Commission's past approach to preferences and with the SBAC Interim Report findings, and is necessary to redress unique historical circumstances of minority owned businesses.
9. Request further comment on "Incubator" strategies to encourage use of spectrum reserved for unlicensed PCS in the upperband by minority and female firms.
10. Reduce filing fee amounts for minorities and women.

In the interest of time, we have submitted this summary of SBAC Executive Committee proposals which we expect to supplement with a more detailed submission in time for the Commission June 29, 1994 open meeting. We look forward to further discussion on these points with you or members of your staff as time permits.


Sincerely,

SBAC, Executive Committee


Walter Threadgill


John E. Opendine


Sandra Gordon Martin


John E. Martin

DATE: June 16, 1994

TO: William F. Caton
Secretary, FCC

FROM: John R. Winston
Director, OSBA

SUBJECT: Record Inclusion

This document is to be added into the official record under:
Competitive Bidding for Broadband Personal Communications Services:
PP Docket No. 93-253.

Thank You

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